

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)

YOUNG BROTHERS, LIMITED)

For Approval to Institute an Annual Freight)
Rate Adjustment Pilot Program)
_____)

Docket No. 2013-0032

**YOUNG BROTHERS, LIMITED'S SUBMISSION OF SUPPLEMENTAL
INFORMATION AS REQUIRED BY ORDER NO. 33640**

and

CERTIFICATE OF SERVICE

P. Roy Catalani
Sandra W. Larsen
Young Brothers, Limited
P. O. Box 3288
Honolulu, Hawaii'i 96801

PUBLIC UTILITIES
COMMISSION

2016 JUL 12 P 3:09

FILED

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)	
)	
YOUNG BROTHERS, LIMITED)	Docket No. 2013-0032
)	
For Approval to Institute an Annual Freight)	
Rate Adjustment Pilot Program)	
_____)	

**YOUNG BROTHERS, LIMITED'S SUBMISSION OF SUPPLEMENTAL
INFORMATION AS REQUIRED BY ORDER NO. 33640**

Young Brothers, Limited ("Young Brothers," "YB" or the "Company") respectfully files this Submission of Supplemental Information as required by Order No. 33640 ("Supplemental Submission") with the Hawai'i State Public Utilities Commission (the "Commission"). This Supplemental Submission is made in accordance with Order No. 33640, *Adopting Performance Metrics and Standards for the Annual Freight Rate Adjustment Pilot Program*, issued on April 13, 2015, in this proceeding ("Order No. 33640"). The Commission approved Young Brothers' Annual Freight Rate Adjustment, or "AFRA", as a pilot program in this proceeding, Docket No. 2013-0032 (the "AFRA docket"). In Order No. 33640, the Commission adopted performance metrics and standards to govern the current AFRA Pilot Program and directed Young Brothers to submit the supplemental information required by the Order.¹

**I.
BACKGROUND**

In Decision and Order No. 31493, issued on October 11, 2013 in the AFRA docket, the Commission approved Young Brothers' proposed Annual Freight Rate Adjustment as a three (3)

¹ Order No. 33640, Ordering ¶¶ 1 & 5, at 48-49.

year pilot program, subject to certain modifications and conditions.² Specifically, the Commission found that “a streamlined ratemaking methodology, if applied properly, is in the public interest as it can assist in protecting the utility’s financial health as well as provide certain customer benefits,” and further, “the use of an AFRA mechanism will assist in prolonging the time between rate cases and save the utility, and ultimately its customers, the time, costs and resources needed to conduct frequent general rate increase cases.”³ In so ruling, however, the Commission stated that “performance metrics should be established at the outset in order to assist the commission and Consumer Advocate in evaluating the value of the AFRA program.”⁴ Accordingly, pursuant to Ordering Paragraph No. 9, Young Brothers and the Consumer Advocate were ordered to file proposed stipulated performance metrics/indices, or in the alternative, separate proposed performance metrics.⁵ YB was also ordered to file its past achievements in each performance category for the past five (5) years.⁶

On November 14, 2013, the Consumer Advocate filed its Statement of Position in response to Transmittal No. 13-0005⁷, in which it proposed certain performance standards that should be established as part of the AFRA. On December 2, 2013, the Consumer Advocate filed

² See Decision & Order No. 31493 at 28. The AFRA Pilot Program contemplated an AFRA filing in 2013 and 2014, followed by a general rate case application in 2015. Since the Commission first approved the AFRA Pilot Program, the Company received an AFRA tariff increase of 5.5% effective November 29, 2013, and an AFRA tariff increase of 2.21% effective November 29, 2014. In a joint motion filed on April 28, 2015, YB and the Consumer Advocate sought an extension of the AFRA Pilot Program for an additional year, such that a rate adjustment could be sought via an AFRA filing rather than a 2015 general rate case application. On June 16, 2015, pursuant to Order No. 32913 (with Randall Y. Iwase, Chair, dissenting), the Commission approved a one-year extension for the AFRA Pilot Program. Accordingly, for 2015, the Company submitted an AFRA filing informing the Commission that it was not implementing any rate adjustment although the AFRA formula supported an increase of 0.8%.

³ Decision & Order No. 31493 at 20.

⁴ Decision & Order No. 31493 at 26.

⁵ Decision & Order No. 31493 Ordering ¶ 9, at 30.

⁶ Decision & Order No. 31493 Ordering ¶ 10, at 30.

⁷ On October 15, 2013, YB filed its Notice of Young Brothers, Limited for an Annual Freight Rate Adjustment Pursuant to Decision and Order No. 31493 and Rule 215 of Young Brothers, Limited Local Freight Tariff No. 5-A under Transmittal No. 13-0005.

the same proposed performance standards as Attachment 1 to its submission of proposed performance metrics in the subject docket.

On November 27, 2013, Young Brothers filed its Submittal of (1) Proposed Performance Metrics and (2) Response to Performance Metrics Proposed by the Division of Consumer Advocacy Filed Under Transmittal No. 13-0005 ("Proposed Performance Metrics").⁸ To the extent available, achievements for each performance category for the past five (5) years were also provided in exhibit YB-Ex-02 of the submission. On September 14, 2015, Young Brothers filed its Submittal of Comments on and Suggested Refinements to Proposed Performance Standards and Metrics ("Comments and Suggested Refinements").

On April 13, 2016, the Commission issued Order No. 33640, in which the Commission adopted certain performance metrics and standards to govern the Company's AFRA Pilot Program and directed Young Brothers to submit the supplemental information required by the Order.⁹ More specifically, the Commission directed the Company to provide the following:

- Young Brothers shall report its various financial calculations (e.g., revenue, expenses, net income, rate of return, and return on equity) for (a) total company operations, (b) intrastate operations, and (c) interstate operations. In addition, Young Brothers shall provide a detailed description of the basis for the allocation of each major expense category to either interstate or interstate operations.¹⁰
- This detailed reporting requirement for (a) total company operations, (b) interstate operations, and (c) interstate operations shall also apply to Young Brothers' annual and monthly financial reports that it regularly files with the commission.¹¹
- [T]he commission finds that Young Brothers' performance with regard to customer wait time should, in the future, be expanded to measure freight drop-off and pick-up at all ports, and for all cargo. The commission also

⁸ Young Brothers provided its initial proposed performance metrics in response to PUC-IR-102, filed on August 19, 2013, in the AFRA docket.

⁹ Order No. 33640, Ordering ¶¶ 1 & 5, at 48-49.

¹⁰ Order No. 33640 ¶ 7, at 19.

¹¹ Order No. 33640 ¶ 8, at 19.

notes that measuring the trucker wait time “upon entry to the Honolulu yard” until “exiting the secured gate” may not account for wait times endured while outside of the Honolulu yard and awaiting entry As such, the commission directs Young Brothers to develop more a comprehensive assessment to address these considerations, and within ninety (90) days, provide the commission with its proposed refinements for the measurement of customer wait time for freight drop-off and pick-up.¹²

- The commission instructs Young Brothers to provide, within ninety (90) days, the proportion of its rate base that is represented by containers and their attendant equipment (e.g., container chassis), the amount of detention charges assessed and collected in relation to the number and duration of overdue containers, identify the information and methodology to regularly track container turnaround times and overdue container assets, and to submit its proposed performance standard in this area.¹³

Young Brothers’ Supplemental Submission addresses each of the requirements above, and further, provides comments and proposes additional refinements to certain performance metrics and standards adopted by the Commission. Young Brothers’ comments and additional refinements, as described further below, are intended to promote the usefulness of these metrics and standards in (1) supporting operational and management needs and decision-making, (2) facilitating tangible improvements in YB’s operations and services, and (3) the Commission’s regulatory oversight of YB.

II. **DISCUSSION**

A. Overview of Guiding Principles

At the outset, Young Brothers notes that throughout the process of developing performance metrics and standards in the AFRA docket, the Company has applied, and continues to apply, the following guiding principles:

1. What aspects of YB’s services are most important to YB’s role as a public utility and to YB’s customers; and

¹² Order No. 33640 ¶¶ 52-53, at 37-38.

¹³ Order No. 33640 ¶ 71, at 45.

2. Can those aspects of service be translated into specific subjects or areas of performance and, if so, what are the leading and representative indicators of performance in those specific subjects or areas of performance? In other words, what proposed performance metrics are the most useful or informative in gauging Young Brothers' service to its customers.¹⁴
 - Is there a meaningful, well-accepted benchmark against which the metric may be evaluated?
 - Do the leading indicator of performance and a benchmark make the data useful to decision-makers as compared to, for example, voluminous post-decision submissions of data and other information that are difficult, if not impossible, for a decision-maker to evaluate or otherwise utilize as an effective performance review tool.
 - Are required data (i) readily collectible and reportable, without requiring resources currently unavailable to Young Brothers and without requiring additional cost to its customers and (ii) solely for regulatory submission without a useful purpose or likely to be utilized in the management of business operations for the benefit of customers and the health of the utility?

The Company applied these same principles in developing its Supplemental Submission herein.

B. Financial Calculations Reporting

In Order No. 33640, the Commission required Young Brothers to report its various financial calculations (e.g., revenue, expenses, net income, rate of return, and return on equity), on a consolidated total company operations basis, as well as broken down by intrastate and interstate operations.¹⁵ In addition, the Commission found that this detailed reporting requirement shall apply to YB's annual and monthly financial reports, and further, required submission of a detailed description of the basis for the allocation of each major expense category to either intrastate or interstate operations.¹⁶

¹⁴ See YB's Proposed Performance Metrics at 4-5; and YB's Comments and Suggested Refinements at 5-6.

¹⁵ See Order No. 33640 ¶ 7, at 19.

¹⁶ See Order No. 33640 ¶¶ 7-8, at 19.

Young Brothers' Cost of Service ("COS") report contains the "various financial calculations" and "detailed reporting requirement" described in the Commission's directives. In compliance with Order No. 33640, on June 30, 2016, Young Brothers began filing monthly COS reports covering a trailing twelve-month period, beginning with its report for the trailing twelve-month period of February 2015 to January 2016. Thereafter, YB will submit a monthly COS report for a trailing twelve-month period, together with the related monthly financial and statistical reports. A detailed description of the basis for the allocation of each major expense category to either intrastate or interstate operations was submitted on May 20, 2016, as part of the revised 2015 Cost of Service filing.

C. Service: Customer Wait Time for Freight

In Order No. 33640, the Commission stated the following regarding measurement of customer wait time for freight drop-off and pick-up:

52. In this light, the commission finds that Young Brothers' performance with regard to customer wait time should, in the future, be expanded to measure freight drop-off and pick-up at all ports, and for all cargo. The commission also notes that measuring the trucker wait time "upon entry to the Honolulu yard" until "exiting the secured gate" may not account for wait times endured while outside of the Honolulu yard and awaiting entry.

53. As such, the commission directs Young Brothers to develop more a comprehensive assessment to address these considerations, and within ninety (90) days, provide the commission with its proposed refinements for the measurement of customer wait time for freight drop-off and pick-up.¹⁷

Young Brothers has initiated steps to address the Commission's concerns. Given Young Brothers' current limited staffing and resources, to manage the scale and complexity of an all lines-of-service and all ports project, the Company proposes implementation of this performance metric using a three-phase approach, as described further below. This approach would allow YB

¹⁷ Order No. 33640 ¶¶ 52-53, at 37-38.

time to develop a solid and integrated collection and reporting methodology at its Honolulu port, prior to rolling out this process to certain ports on the neighbor islands. In particular, focusing first on data collection and reporting at YB's Honolulu port would eliminate the need to deal with all the potential implementation issues at the neighbor island ports at the same time. Young Brothers would then be able to apply the lessons learned from its initial phases in Honolulu to guide the rest of the process on a port-by-port basis, so that there are fewer issues as the implementation process continues. In addition, the tools and resources required to implement the necessary data collection functions (i.e., automation of data collection, increased sample sizing, roll-out to neighbor island ports), all represent a substantial financial and resource commitment for the Company. A phased approach such as the one proposed can coordinate the timing of investment in these areas with the goal of maximum usefulness and value.

A general description of the proposed implementation process and planned phases is provided below:

1. Phase 1 – Expansion of Manual Data Capture

As the Commission noted in its Order, Young Brothers has already instituted a survey method for capturing wait times at its Honolulu port, which involves measuring customer wait times associated with dropping off palletized less than container load ("LCL") cargo (i.e., dry and refrigerated palletized cargo). Based on this current methodology, each month's survey is comprised of one week of data collection for the dry LCL queue and one week for the refrigerated, or reefer, LCL line. During each survey week, Young Brothers measures the wait time of one customer/trucker per hour, by recording that customer/trucker's entire visit duration at the YB facility.¹⁸ The result is 12 weeks of data collection for each palletized LCL queue

¹⁸ There have been limited instances where Young Brothers has missed or not been able to collect data for the one hourly sample.

annually, all of which are then averaged.

Under the phased approach that Young Brothers is proposing, Phase 1 would expand the Company's current manual data collection functions in Honolulu in three aspects. First, YB will measure wait times at the Honolulu port for two additional cargo types for a total of four total cargo types: (1) Dry Palletized LCL, (2) Refrigerated Palletized LCL, (3) Mixed Cargo, and (4) Automobiles and Roll-on/Roll-off Cargo ("Auto/RoRo").¹⁹ Second, Young Brothers will also expand its collection process in Phase 1 to include measurement of customer wait times for freight pick-up of these cargo types; currently, only drop-off wait times are being surveyed. Third, Young Brothers will increase the number of customers/truckers selected per hour.

For this first phase, Young Brothers proposes to utilize a survey methodology similar to what is currently in place for measurement of wait times (i.e., random selection of customers/truckers by security personnel at YB's front gate). In addition, Young Brothers is currently testing an increase in its survey sizes to two customers/truckers per hour (cf., one customer/trucker per hour), such that wait times for a total of 16 customers/truckers can be measured per day. The additional data will help moderate the impact of any potential outliers that may occur with the introduction, to the survey, of customers/truckers who are picking up cargo. For example, Young Brothers anticipates that durations for freight pick-ups may be more inconsistent than for freight drop-offs, especially in those instances when a customer/trucker may be on-site waiting for discharge of cargo from multiple barges.

¹⁹ In addition to the four cargo types listed, Young Brothers also transports containerized cargo. For Auto/RoRo cargo, Young Brothers proposes to measure drop-off and pick-up of only privately owned vehicles, or "POVs", and not "volume autos" or large shipments of automobiles such as those by rental car companies. These large, volume shipments involve a check-in process that is markedly different from customers who are shipping their personal vehicles and would not provide a meaningful measure.

This test period for increasing survey scope and size is needed to, among other things, determine whether the heavier workload is manageable for security personnel.²⁰ The data collection functions for measuring wait times are additional to security's primary responsibilities and obligations. Consequently, if the increase in survey size interferes with security personnel's primary duties, Young Brothers will consider other options, including reverting to the initial rate of one customer/trucker per hour.

As mentioned in prior filings, this Phase 1 methodology is, for the most part, a manual process in which information collected from customers/truckers is handwritten on clipboards and must subsequently be keyed into a spreadsheet. To help minimize errors associated with manual data collection (and current resource constraints), during Phase 1, security personnel will continue to measure customer/trucker wait times for only one cargo type per week. In other words, week 1 would focus on measuring pick-up and drop-off wait times for dry palletized LCL, week 2 on refrigerated palletized LCL, week 3 on Mixed cargo, and week 4 on Auto/RoRo.²¹ This schedule would help reduce the complexity of this process, allow security personnel to adjust to these additional data collection and recording requirements, and minimize confusion.

As stated, Young Brothers will be expanding its data collection to include measurement of wait times for freight pick-up of the four cargo types. Drop-offs and pick-ups for each cargo

²⁰ It is possible that, at certain times of the day, there may be very few customers at the survey location, which would make collecting data at these increased survey levels unpredictable. If no data is collected for certain hours, either due to lack of customers or other difficulties in gathering data, YB would report the average of those readings that are collected.

²¹ One potential drawback of the methodology proposed under Phase 1 is that Young Brothers will need to conduct the survey four weeks out of every month, or almost every week of the year, including pre- and post-holiday weeks when wait times can be longer than usual. When Young Brothers was measuring only two types of cargo (i.e., two cargo queues or lines), the two survey weeks per month were generally scheduled to avoid holidays. If Young Brothers determines during the test period that it may be feasible to conduct surveys of two cargo queues or lines in the same week, Young Brothers may make such adjustments as necessary to improve the quality of data collected. In any event, the Company will report any adjustments to its planned phases.

type occur in the same line; as a result, the assumption is that wait times will be similar regardless of whether customers/truckers are dropping off or picking up cargo, although as pointed out earlier, there may be some variances. The Company's planned increase in survey size will help to ameliorate some of the variances commonly associated with these drop-off and pick-up activities (e.g., varying quantity of pallets, multiple drop-offs/pick-ups, additional stand-by time for delayed cargo).²² Accordingly, Young Brothers proposes to measure and average together the wait times of customers/truckers for both freight drop-offs and pick-ups in the same line, rather than reporting them separately as one averaged time for freight drop-offs and another for pick-ups.

Young Brothers will continue to measure the wait times for palletized dry and reefer LCL queues against the performance standard of 45 minutes or less, which was adopted by the Commission. Young Brothers is just beginning data collection for its Mixed cargo and Auto/RoRo queues. Given the preliminary nature of this information, the Company needs time to gather and analyze the data, so that a trend can be established and used to benchmark a precise performance standard for these queues. Young Brothers proposes to provide an update to the

²² Because Young Brothers currently measures the "end time" of the customer's transaction as the time when the customer exits the YB facility, variability can be introduced by customer-specific factors, such as time spent by the customer waiting for cargo discharged from multiple barges or conducting other business while on the premises (i.e., filing a claim), which do not pertain to YB's speed in handling cargo transactions. In addition, customers dropping off automobiles or RoRo, in particular, may encounter delays not experienced with other cargo types such as not having required vehicle documentation or waiting for alternative transportation after dropping off their vehicle. Such variances affect the actual length of time that a customer/trucker remains in the Honolulu facility, but not necessarily in line waiting for service. Ideally, Young Brothers would like to measure the correct "end-point" of the transaction, which would be the front of the line at the actual point of drop-off or pick-up of cargo, as opposed to exit from the yard. This would provide a more accurate measure of customer wait times while in respective cargo queues or lines, and would enable management to better recognize problem areas and pinpoint where changes or improvements are needed. Therefore, Young Brothers is currently exploring ways to capture more accurate "end-point" data for each cargo queue, either as part of Phase 1 or 2. Such modifications would be implemented to simplify data collection and/or improve data quality, and may involve changing the type of personnel used to gather data, as well as the starting and/or end points of each measurement. Young Brothers plans to update the Commission and the Consumer Advocate regarding the progress and results of the manual data collection process under Phase 1 by the earlier of January 2017 or the filing of an application to renew or extend the AFRA, as further described in Section II.F "Additional Matters."

Commission and Consumer Advocate regarding the proposed performance standard and results of the manual data collection process by the earlier of January 2017 or the filing of an application to renew or extend the AFRA.

a. Containerized cargo

With regard to containerized cargo, Young Brothers proposes to defer collection of data for this cargo type to Phase 2. Rather than relying on security personnel to manually capture wait time data for customers dropping off and/or picking up containerized cargo, Young Brothers proposes (as described further below) to either leverage data already collected in Young Brothers' existing Freight and Container Equipment ("FACE") system²³ or use another automated data collection system.

Several considerations make it impractical to implement a manual process to measure container trucker wait times. Oftentimes customers/truckers entering YB's Honolulu facility are not required to check in at YB's container stations (located at each gate); only those customers/truckers hauling YB equipment either in or out of the facility are required to stop at the container station, where their activity is recorded in the FACE system. Container truckers that both haul in and haul out YB equipment on the same visit to a port would be the most practical category to analyze for this performance metric, because both an in-gate and out-gate time are already captured in FACE. However, because the FACE system does not track the activity of individual truckers – only the movements of cargo and equipment – it is difficult to identify the matching in-gate and out-gate activity by an individual trucker. Truckers with containerized cargo (each being a holder of a Transportation Worker Identification Credential, or "TWIC", and carrying booked cargo) are also not required to stop to interact with security

personnel except to verify possession of a TWIC upon port entry, nor are they required to interact with security personnel at the exit gate, unlike customers of other types of cargo. In addition, container truckers may enter and exit the Honolulu port using two different gates. As a result, Young Brothers is unable to capture an individual trucker's in-gate and out-gate time using the current manual data collection process.

For the reasons stated above, the current manual data collection is impractical for data collection related to containerized cargo. In particular, because the in-gate and out-gate procedure differs significantly for containerized cargo compared to the procedure applicable to customers/truckers with LCL cargo. As a result, Young Brothers proposes to commence measurement of containerized cargo wait times in Phase 2 (as further described below), after the Company has addressed these data collection challenges.

b. Wait times outside of the YB facility

In Order No. 33640, the Commission expressed some concern regarding customer/trucker "wait times endured while outside of the Honolulu yard and awaiting entry."²⁴

Young Brothers shares the Commission's concerns and has implemented certain traffic management measures to help alleviate congestion on the roadways and minimize wait times awaiting entry to Young Brothers' Honolulu facility. Although, it should be noted, that the time it takes to enter Young Brothers' facility also has much to do with security procedures mandated by the Transportation Security Administration ("TSA"), as well as general traffic and congestion on Nimitz Highway and the intersecting roadways.²⁵

²³ The FACE system is a custom software application that was developed for Young Brothers' shipping services. Current FACE functionality captures containerized dual-time transactions from gate-in to barge load, then discharge to gate-out.

²⁴ Order No. 33640 ¶ 52, at 37.

²⁵ Nimitz Highway is an extremely busy thoroughfare with heavy volumes of traffic and congestion throughout the day, which can be caused by multiple causes. For example, accidents, stalled vehicles, and malfunctioning traffic lights, especially during peak traffic times, can impact the steady flow of traffic and cause traffic jams. In addition,

Security personnel at the front gate have been diligent in their efforts to quickly move vehicles off the roadways and onto YB's yard. For example, during peak congestion periods, security personnel will open alternative identification checking lines or stations for customers/truckers without TWICs.²⁶ In addition, security personnel will create additional temporary queuing areas for container truckers inside the facility, which opens up additional lanes and eliminates the need for truckers to wait in the only lane for the container station. These traffic management measures have helped to improve back-ups and congestion at the front gate. In addition, Young Brothers is planning to issue customer notices informing customers with TWICs to use the back gate to help improve traffic at the front gate.

As part of its continued efforts to alleviate back-ups and congestion on Nimitz Highway and leading into the YB facility, Young Brothers will be posting a security officer at the "flag pole" (or at a point providing a safe and appropriate view plane of the roadways) every morning to assess traffic congestion and back-ups.²⁷ The "flag pole" is located at the front entrance of the YB facility, approximately several hundred feet in front of the security station or the front gate. The security officer will be responsible for identifying back-ups and communicating information (i.e., via radio) needed to identify the necessary measures to quickly move and direct traffic. These measures include faster recognition of the need to reassign security personnel to direct and stage customers/truckers in the alley fronting the customer service building and/or opening

road work such as maintenance or repair of the highway or construction in the surrounding area can cause lane closures and slow downs that can significantly increase traffic volumes and congestion in the area.

²⁶ Because of the time consuming nature of documenting non-TWIC card holders and its corresponding impact on entrance gate congestion, Young Brothers has also tried to reduce the number of non-TWIC visitors by issuing multiple notifications to customers informing them that drivers who frequent a YB port more than once a week must have a TWIC card.

²⁷ Current plans are for a security officer to be positioned at the "flag pole" from 6:30 a.m. to 10:00 a.m., Monday through Friday, since these signify periods of high volume for Young Brothers. At 10:00 a.m. this security officer will reposition back to the security station at the front gate.

alternative identification checking lines or additional queuing areas as needed. This will enable faster, proactive management of the traffic lanes throughout the day.

It would not be conducive, however, to have this security officer track customer/trucker wait times in addition to their responsibilities of identifying back-ups and directing traffic into the facility. First, from a logistics standpoint, it would be difficult to accurately identify which specific customers or trucks (or other vehicles) are actually waiting to enter the YB facility, as opposed to only driving by or generally waiting in traffic. The surrounding area is a major industrial region and trucks and other vehicles waiting on Nimitz Highway could be traveling to any location in the vicinity and not necessarily to the YB facility. As a result, tracking wait times outside of the YB facility would not be informative as a performance measure and would be akin to employing a "hit or miss" type of selection process as there is a high likelihood that a number of the vehicles "selected" for measurement would not even enter the facility.

In addition, tracking wait times outside of the YB facility would entail tracking a starting point (i.e., on Nimitz Highway) and an end or entry point into the YB facility (i.e., entry to the front gate), which would require tracking by two security personnel. There are several challenges associated with this including, in particular, communicating to security personnel at the front gate which customer/trucker on Nimitz Highway was selected for tracking given that there will be no interaction with the customer/trucker on Nimitz Highway and no way to assign them with an identifier (e.g., sign-in, cone assignment) or to even verify that the YB facility is their ultimate destination.

More importantly, however, as noted above, this additional post is being manned as a security protocol to effect faster, proactive management of the traffic lanes, and not as a cargo

handling measure or to address issues related to the same. Customer wait times due to cargo handling are being tracked and addressed under Phase 1, as described above.

Accordingly, and for the reasons stated above, Young Brothers proposes to exclude tracking of customer/trucker wait times while outside of the YB facility. After considering possible methods to measure external wait times, the Company respectfully submits that it would not be feasible or practical to undertake such data collection and requests that the Commission allow Young Brothers to separately address timely, safe, and TSA and Coast Guard-compliant entry into the Young Brothers' facility (and elimination of Nimitz Highway traffic issues) as a security protocol, rather than a cargo handling issue.

2. Phase 2 – Technology Solutions for Automated Data Collection

Under Phase 2 of Young Brothers' proposed phased approach, YB is exploring the possibility of utilizing certain technology solutions to automate data collection functions for this performance metric. Young Brothers is committed to delivering better customer service through improved operational processes and technology solutions that will drive the operational efficiencies to move customers, trucks, containers, and other freight more quickly through YB's facilities, as well as provide timely information. Moreover, automating data collection would provide a uniform way to collect and report information, allow for collection of more data points of higher quality, and reduce the potential for human error including illegible and inaccurate data during both the initial data capture and manual data entry points of the process. Use of an automated system would also make sorting and analyzing data less onerous for Young Brothers' staff and help facilitate larger surveys and sample sizes, which would result in more consistent and meaningful data results. Young Brothers shares the Commission's desire for and recognition

if the usefulness of such data and, with the Commission's recent order, has moved forward with the significant planning and resource prioritization needed to achieve this result.

Young Brothers is currently exploring two possible technology solutions for automating data collection, which are generally described below.²⁸

a. Alternative 1: enhancement of existing FACE system

Under proposed Alternative 1, Young Brothers is interested in and currently exploring the possibility of developing enhancements to the Company's existing FACE system and/or other hardware and software equipment. FACE combines hardware and software, along with automated workflows into an integrated application system, which supports Young Brothers' operational processes, and ultimately, helps to optimize customer satisfaction. Essentially, this proposed technology solution for recording and analyzing customer wait times would involve enhancement of current FACE functionalities, which would include the electronic capture of gate-in/gate-out information for all cargo types and facilitate the collection of information needed for reporting on key operational metrics, including customer wait times for all cargo types.

The provision of an integrated, one-system approach, such as that proposed, would give the Company an integrated view of its operations and help drive process efficiencies by eliminating manual interactions. This approach would also enable Young Brothers to leverage existing technology and resources, and provide a centralized, single-source of information which would help increase accuracy, and in the long run, has been found to improve customer service. On the other hand, application systems that are not integrated typically require extensive interfaces to be built, and additional types of hardware to be acquired and supported. Stand-

²⁸ It should be noted that these proposed alternatives are still only in the early planning stages, and as planning and evaluation continues, the details under each may ultimately differ from what is described below.

alone systems are also usually closed to any form of collaboration or communication with other systems, and thus, are more limited in their functionality and often do not stand the test of time.

b. Alternative 2: stand-alone barcode reader system

Young Brothers has also been exploring the possibility of a stand-alone automated system that could either be implemented on a transition basis until FACE enhancements can be deployed or in place of FACE if deployment cannot be accomplished. Specifically, Young Brothers has consulted with various vendors to identify the necessary hardware and software equipment to support a stand-alone barcode reader system that would enable tracking of customer/trucker wait times for drop-off and pick-up of LCL and Auto/RoRo cargo. Rather than measuring wait times for containerized cargo using the barcode reader system, Young Brothers proposes to rely on the FACE system and hopes to leverage existing data as discussed further below.

The automated system proposed under Alternative 2 would enable security personnel at YB's front gate to assign and scan a barcode that would allow automatic time stamp captures for each selected customer/trucker, as well as identification of the purpose of the customer/trucker's visit to YB and classification of corresponding cargo (i.e., pick-up or drop-off of dry LCL, reefer LCL, etc.). The same barcode would be scanned by security personnel at the exit point of YB's front gate, similar to the existing manual process, or at the end point of service by YB personnel. Because of the ease of use of an automated system, Young Brothers anticipates that security and/or other personnel would be able to document wait times for more than one line at a time, resulting in better efficiency as well as accuracy. In addition, data would be captured in electronic format, eliminating the manual data entry step, which further increases efficiency.

Avoiding this manual entry step will become increasingly critical as the amount of data captured at multiple ports grows from Phase 2 to Phase 3.

Tracking wait times for containerized cargo using the barcode reader system would be impractical for the same reasons that manual capture of this type of data is not possible. As stated above, only those customers/truckers hauling YB equipment either in or out of the facility are required to stop and check in at YB's container stations. Consequently, Young Brothers would find it difficult to capture wait time data related to containerized cargo through a barcode reader system, which would require check-in by customers/truckers at the front gate and selection and barcode scanning by security personnel.

Because containerized cargo transactions are currently tracked in Young Brothers' FACE system, as described above (see Phase 1 discussion), information could be derived from FACE that would enable determination of wait times for those customers/truckers who both drop-off and pick-up containers during the same port visit. For this category of customers/truckers, because the FACE system tracks check-in and check-out times of containers, an "entry" and "exit" time could be tracked such that a resulting wait time could be determined, if individual truckers could be identified.²⁹ Extracting this type of data from FACE, however, would require a complex modification of existing FACE reports. Therefore, under proposed Alternative 2, in addition to the stand-alone barcode reader system, Young Brothers would include data collection for this category of containerized cargo customers/truckers (i.e., customers/truckers both

²⁹ It would not be possible to use this method, even with modified FACE reports, to identify and measure wait times for customers/truckers who are only dropping off or picking up containers, as only one end of the "transaction" (i.e., check-in or check-out and not both) would be tracked. As a result, it would not be possible to establish an "entry" and "exit" time from which a wait time could be determined.

dropping off and picking up a container during the same port visit) as soon as the required modifications of the FACE reports can be completed.³⁰

c. Timing and next steps

As stated above, Young Brothers is still exploring the viability of implementing either of these technology solutions (i.e., integrated or stand-alone), and planning is in the very preliminary stages. Young Brothers and its information technology (“IT”) department³¹, namely the FACE project team, are currently in the process of rolling out foundational enhancements to the FACE system which will provide significant improvements, including improved operational efficiencies and organizational design (the “FACE Project”). Development of the FACE Project has been ongoing, and at this time, the Company’s IT resources are dedicated to completion of this critical phase of the project. The FACE Project roll-out is expected to be completed before the end of 2016 and will enable the following capabilities: automated container tracking from barge load through discharge, electronic notifications (email, fax, and phone) to customers that shipments are ready for pick-up (recently implemented), better performance reporting, and improved cyber-security protections.

Given IT’s current resource capacity, the Company is planning to continue with and increase its manual data collection process as proposed above under Phase 1. As IT resources become available later in 2016, Young Brothers plans to deploy a cross-functional team that includes IT personnel to conduct further examination and development of the automated technology solutions proposed under Phase 2. Young Brothers will also have, at that time, additional information from the findings and lessons learned as a result of the increased manual

³⁰ As noted below, Young Brothers’ information technology department is currently dedicated to rolling out foundational enhancements to the FACE system. As IT resources become available in late 2016, they can be deployed to build and complete the required modifications of existing FACE reports.

data collection and reporting process that is in place. Based on those findings and further IT investigation, Young Brothers hopes to have a better understanding and clearer picture of what the next steps and estimated costs would be to transition to an automated system under either the integrated or stand-alone options.

As discussed further in Section II.F “Additional Matters” below, Young Brothers plans to update the Commission and the Consumer Advocate regarding the progress and results of the manual data collection process under Phase 1 by the earlier of January 2017 or the filing of an application to renew or extend AFRA. Young Brothers will have had time by then to further explore and evaluate the proposed technology solutions, and thus, also commits to update the Commission and Consumer Advocate at that time regarding the preferred automated technology solution under Phase 2.

Recognizing that developing an effective system of metrics and standards also depends on regulatory input, Young Brothers proposes to meet with the Commission and the Consumer Advocate regarding the proposed technology solutions or to provide technical or informational briefings on the same. Young Brothers believes it would be beneficial to work collaboratively, with input and feedback from the Commission and/or Consumer Advocate, on the development of an appropriate technology solution and to help shape the parameters for what should be implemented under Phase 2. In the alternative, Young Brothers commits to providing the Commission and Consumer Advocate with an update of the selected technology solution and development/implementation plans in the 2nd quarter of 2017.

³¹ Young Brothers’ IT resources consist of two (2) full-time YB employees who are assigned to the FACE Project, with additional support from Foss Maritime Company which is reflected in inter-company billings.

3. Phase 3 – Roll-out to Neighbor Islands on a Port-by-Port Basis

Once implementation has been completed under Phase 2 and Young Brothers has had time to work through any challenges associated with its selected technology solution, plans will be made for rolling out the process to the neighbor islands on a port-by-port basis. Focusing first on establishing a solid and integration collection and reporting system at the Honolulu port will help minimize potential implementation issues on the neighbor islands and allows information learned in the initial phases in Honolulu to guide the rest of the process.

Because each neighbor island port is unique and has operational differences based on different physical facilities and local customer needs, there will likely be a need to roll-out the process to each port in a staggered, port-by-port basis. This schedule will enable the data collection process and system to be adjusted and tailored to meet the particular needs of each neighbor island port. It will also allow users to adjust to the new system gradually, and aid overall planning and scheduling with more realistic deadlines. In addition, the neighbor island ports lack the supervisory support and professional resources that are available in Honolulu. Implementation of these data collection functions at the neighbor islands will require resources and support from Honolulu, which are not readily available and are in addition to existing day-to-day operational demands. Accordingly, allowing for a staggered roll-out process will ensure that the required support staff from Honolulu will be available to assist in the implementation process, including training of neighbor island personnel in these new functions.

In contrast to the Honolulu port, the majority of customers/truckers at the neighbor island ports are picking up cargo that is being discharged from the barge, rather than dropping off cargo. Therefore, Young Brothers proposes to measure and report only customer/trucker wait times for freight pick-up (but not freight drop-off) at neighbor island ports. Young Brothers will

revisit this measure, if necessary, as the Company gets closer to implementation on the neighbor islands.

Young Brothers also proposes not to include the ports of Kaunakakai, Moloka'i and Kaunapali, Lāna'i, in its performance metric of customer wait times. Customers on these islands are fairly limited in number, and historically, wait times at these ports have not been an issue, which suggests that this metric may not be a meaningful or informative one. Young Brothers' 2015 Customer Satisfaction Survey results also demonstrate that wait times at these ports do not appear to be an area of concern for customers on these islands.³² As such, expending resources to track wait times at these ports does not seem reasonable.

Young Brothers respectfully proposes to revisit these measures or their timing, if focused customer service surveys indicate that this is an issue of significant customer concern or, if necessary, to determine if the resources (i.e., hiring or temporary relocation of personnel) and/or work needed to track wait times at these ports are reasonable and the associated costs are prudent and would provide value for the Company's customers. Young Brothers also proposes to conduct updated and more directly focused customer surveys to reassess customer satisfaction levels at these ports, if necessary.

Timing for the implementation of Phase 3 remains largely dependent on when the tasks necessary to implement Phase 2 can be completed, and a sound data collection and reporting system is established at the Honolulu port. In addition, timing for the roll-out of the neighbor island ports will depend upon the progression and success of implementation at each successive port. Young Brothers will provide updates, if any, to the Commission and Consumer Advocate regarding Phase 3 progress by the earlier of January 2017 or the filing of an application to renew

or extend the AFRA (see Section II.F) and then on a bi-annual basis going forward, unless otherwise ordered by the Commission. In addition, Young Brothers proposes to meet with the Commission and the Consumer Advocate regarding the status and next steps under Phase 3 or to provide technical or informational briefings on the same.

D. Efficiency: Container Utilization

In Order No. 33640, the Commission provided the following directive regarding the efficiency measure of container utilization:

71. The commission instructs Young Brothers to provide, within ninety (90) days, the proportion of its rate base that is represented by containers and their attendant equipment (e.g., container chassis), the amount of detention charges assessed and collected in relation to the number and duration of overdue containers, identify the information and methodology to regularly track container turnaround times and overdue container assets, and to submit its proposed performance standard in this area.³³

The Commission indicated that this performance measure stems from its concern “as to whether Young Brothers’ rate base represents the optimal level for efficient operations” and that “less-than efficient use of containers may unnecessarily increase the size of the rate base, and in turn, overstate Young Brothers’ revenue requirement when compared to that needed for an optimally-sized rate base.”³⁴ The Commission also pointed to Young Brothers’ practice of allowing customers a period of “free time” to hold equipment for loading and unloading, and stated that unless detention charges for any overdue equipment “are strictly enforced, overdue assets can

³² Market Trends Pacific, Inc., Young Brothers’ 2015 Customer Satisfaction Survey. If necessary, Young Brothers is willing to conduct updated customer surveys to reassess customer satisfaction levels at all neighbor island ports and identify areas in need of improvement prior to rolling out the data collection process on the neighbor islands.

³³ Order No. 33640 ¶ 71, at 45.

³⁴ Order No. 33640 ¶ 69, at 44-45.

measurably increase the inventory of containers and attendant equipment that are necessary to sustain operations.”³⁵

In 2015, the proportion of Young Brothers’ regulated rate base that was represented by containers and chassis was three percent (3%). Detention charges assessed in 2015 were \$748,299.³⁶ Detention charges collected in calendar year 2015 were \$818,841, which was a larger amount than assessed because it reflects payment carryovers from prior periods, including payments for bills and charges assessed in 2014, but not for 2015 bills paid in 2016.³⁷ The total number of all containers overdue (including those technically overdue or for which detention charges were not assessed) was 7,256 units for a total duration of 26,898 days. However, for the reasons stated in Section II.D.3 “Free Time for Equipment and Assessment of Detention Charges” below, Young Brothers assessed detention charges for 2,450 units for a duration of 10,060 days.

1. Information and Methodology for Tracking Container Turnaround Times and Overdue Containers

Young Brothers tracks overdue container assets using its FACE system, which captures and tracks information regarding each out-gate and in-gate transaction for YB’s containers and

³⁵ Order No. 33640 ¶ 70, at 45.

³⁶ With the exception of collected amounts, the 2015 detention amounts cited here are amounts for the 53-week period from December 28, 2014 to January 2, 2016. YB’s FACE system currently has one detention report that allows only one week to be reported at a time, with no other date ranges possible. These detention amounts are Young Brothers’ current best estimate of detention information for uses by regulated customers only. YB’s IT department is currently building an improved detention report that will allow all detention charges and durations to be reported more accurately. Instead of waiting for completion of this new report, available FACE reports were used to estimate the information directed by the Commission. However, one of the difficulties with this method is the adjustment for unregulated customers. Although a very limited number of unregulated customers utilize YB equipment, their detention fee structure is different from regulated customers. To eliminate inaccuracies that could be introduced by attempting to estimate unregulated detention charges and durations – as durations are not included in the existing detention report, and must be reverse-calculated from detention charges – these instances of unregulated detention charges were removed from this estimate. Without additional programming and report building in FACE, it is difficult to calculate accurately the information directed by the Commission at this time. As part of its next filing on performance measures, in the earlier of January 2017 or the filing of an application to renew or extend the AFRA, Young Brothers will update the Commission with more accurate information.

equipment. With this data, Young Brothers derives a detention report, which identifies overdue containers and equipment (i.e., equipment held beyond the two business day “free time” period) and the responsible customers. Currently, Young Brothers issues and reviews a detention report on a weekly basis. The report is reviewed by port managers and other management staff, and provides the basis for the issuance and assessment of detention charges or bills.

Because the focus is on tracking and collecting charges from customers who exceed the two business day “free time” period, Young Brothers does not currently have an internal report that provides turnaround times when equipment is returned before the free time period has expired.³⁸ In other words, Young Brothers does not track turnaround times for containers and equipment that are returned “on time” or within the free time period, which is two business days following the day of removal of the equipment. Turnaround times are only tracked for containers and equipment that are returned beyond the free time period, which is essentially the detention report for overdue container assets that was described above. However, Young Brothers has found that, historically, the majority of its equipment is returned by customers within the free time period. For a roughly 18-month period spanning from 2015 through part of June 2016, YB’s equipment turnaround times – defined as the time a unit is out-gated and in-gated at the same port by the same customer – averaged roughly 2.2 calendar days for both containers and chassis combined. This total includes durations out-gated at neighbor island ports, where customers tend to hold onto equipment until the next barge day, which for most ports tends to be three or four calendar days apart. Therefore, this result indicates that most

³⁷ This amount represents detention charges collected in calendar year 2015, and not during the 53-week period applicable to the rest of this table. It also includes detention fees collected from unregulated as well as regulated customers.

³⁸ See Rule No. 50 of Young Brothers’ Local Freight Tariff No. 5-A, Eighth Revised Page No. 18, effective on August 3, 2009 (“Rule No. 50”) (“Carrier’s equipment must be returned to Carrier’s facility in a clean and usable condition not later than 2 business days following the day of removal. When equipment is detained beyond this

customers return equipment very quickly, within the two business day “free time” period, and do not incur detention charges.

2. “Right-sized” Equipment Inventory Levels

Young Brothers understands the Commission’s concerns regarding maintaining an optimally-sized rate base, and ensuring the right level of equipment inventory necessary to sustain operations.³⁹ Young Brothers is equally concerned with ensuring that its container equipment inventory is adequate to meet customer needs and recognizes the importance of timely availability of equipment to customers.

To this end, in 2015, Young Brothers formed an Equipment Inventory Workgroup (the “Workgroup”), consisting of various management staff, for the specific purpose of defining and maintaining “right-sized” inventory levels for each YB equipment type. This Workgroup focuses on reviewing, at least monthly, the previous desired inventory levels of each equipment type. This effort includes reviewing the most current actual inventory levels, daily equipment availability in Honolulu, shortages at other ports, customer complaints, fluctuations in customer demand, and anticipated equipment retirements/acquisitions. Based on its review, the Workgroup makes recommendations on which types of equipment acquisitions and repairs to prioritize to help alleviate equipment pressures as they emerge. As a result of the Workgroup’s efforts, right-sized inventory levels are continually under review to assess and evaluate adequacy of the equipment inventory.⁴⁰

authorized free time, . . . detention charges will be assessed[.]”). A copy of Rule No. 50 is attached hereto as Exhibit YB-Ex-01 to this Supplemental Submission.

³⁹ See Order No. 33640 ¶¶ 69-70, at 44-45.

⁴⁰ It should be noted that some factors beyond the control or knowledge of Young Brothers, such as unexpected customer demand from construction or hotel projects, can adversely affect equipment availability.

3. Free Time for Equipment and Assessment of Detention Charges⁴¹

As the Commission points out, Young Brothers' general practice is to allow customers a certain "free time" period to hold containers for loading and unloading customers. After two business days or from the third day of holding equipment, customers begin to incur detention charges. Daily detention charges differ by equipment type (e.g., 20 foot or 40 foot container, dry or reefer container, vans, etc.) and the length of time they are overdue.⁴²

Young Brothers generally agrees that detention charges should be strictly enforced. Nonetheless, to meet certain urgent needs of customers, the Company exercises some flexibility and allows customers, under certain circumstances, to hold containers beyond the free time period without being assessed a charge. For example, during high demand periods such as holiday seasons when customers may experience difficulty obtaining equipment, Young Brothers may not assess detention charges for holdover customers to help alleviate wait times for equipment and similar inconveniences, and to promote customer satisfaction. Also, during peak or holiday seasons when customers' own operational capacities prevent them from delivering cargo (i.e., returning equipment) to Young Brothers in a timely manner, YB may acknowledge those customer limitations by not assessing them the associated detention charges. Moreover, Young Brothers desires to provide this service in an effort to keep customers satisfied and prevent them from finding lawful or potentially unlawful "stop in transit" alternatives that may be more attractive, under the circumstances.

Young Brothers also allows customers who need to keep equipment in constant rotation, to hold equipment beyond the free time period and does not assess these customers with detention charges. Because these customers are essentially keeping containers in continuous use,

⁴¹ For the reasons stated in this Section II.D.3 "Free Time for Equipment and Assessment of Detention Charges", in 2015, \$1.18M in detention charges were not assessed against customers.

it is more practical to allow these customers to hold equipment past the free time period, than to require them to come in and expend the customer's and Company's resources checking in and checking out equipment that will essentially just be cycled back on a continuous basis. These arrangements serve to reduce visitations and traffic flow within YB's facility, without decreasing Young Brothers' revenue or increasing its YB's costs. Forcing customers to check-in and check-out equipment in times of continuous use would increase costs to both truckers and YB, and ultimately, costs to consumers.

Additionally, customers on the neighbor islands tend to return equipment on the next barge day, particularly in locations where the distances between the port and customer destinations are far, such as at the Port of Kawaihae. Because of such factors and because Young Brothers has lesser, competing demands for containers on the neighbor islands with more spread-out barge days, it has historically allowed customers at these ports to control their costs by returning equipment on the next barge day (and thereby keeping equipment beyond the free time period without charge). This pattern enables return of equipment to coincide with barge arrivals and promotes customer/trucker efficiencies on the neighbor islands, as well as customer satisfaction levels. Strict enforcement of detention fees under such circumstances would not increase Young Brothers' revenue or decrease its costs or inventory needs, although, again, forcing customers to check-in equipment between barge days would increase trucking costs and ultimately costs to consumers.

4. Proposed Performance Standard for Container Utilization

Young Brothers proposes a container utilization performance standard based on the average number of times that containers and chassis are used per year (i.e., annual utilization).

⁴² See Rule No. 50, attached hereto as Exhibit YB-Ex-01.

Young Brothers' preliminary analysis indicates that in 2015, each of its chassis were used on average 103 times, and its containers were utilized roughly an average of 44 times during the year.⁴³ Such an annual utilization rate enables Young Brothers to develop target utilization rates that will help the Company determine optimal or "right-sized" inventory levels.

Due to the constant usage of YB's container and chassis equipment to serve its frequent weekly sailings, YB believes that its current equipment utilization may be higher than optimal, resulting in undesirable rates of wear and tear and sometimes availability. In other words, YB believes that "optimal" annual utilization rates may be somewhat lower than YB's actual 2015 performance. Like other forms of rotating inventory in other industries, "optimal" is within a certain range of utilization ("right-sized") and, unlike other performance standards, a higher number may not always be better than a lower number.

More analysis is needed for Young Brothers to develop a better understanding of what its optimal annual utilization rate should be, which in turn, can be used to inform its decisions about "right-sized" inventory levels. Young Brothers proposes that measuring annual utilization is a more appropriate metric for container utilization than container turnaround times at one port, because annual utilization reflects how high demand is for the Company's equipment and allows the Company to adjust its fleet size as needed. Accordingly, Young Brothers proposes that it be given until at least until the earlier of January 2017 or the filing of an application to extend or renew the AFRA, to research and evaluate an appropriate annual utilization rate. During that period of time a trend can be established and used to benchmark a precise performance standard.

⁴³ These respective averages combine the annual utilizations of twenty-foot and forty-foot chassis, and twenty-foot and forty-foot dry containers and refrigerated containers. Platforms and flatracks are not included in this calculation, due to their different usage patterns compared to other container assets. For internal planning purposes, however, YB would consider the utilization of each equipment type. Note that these quantities are preliminary, as YB is still reviewing and refining this method of analyzing equipment utilization. YB will report any refined results to the Commission by at least the earlier of January 2017 or the filing of an application to extend or renew the AFRA.

E. Adopted Performance Metrics and Standards

Performance metrics are important managerial and regulatory tools to foster and ensure efficient and effective service to customers. Measurement is a key step in any management process and forms the basis of continual improvement. However, if measurement is not carried out correctly or does not provide meaningful information, its effectiveness is undermined and there is no reliable information to educate managers on the Company's performance or the basis of performance (i.e., why the performance level is as it is). Thus, it is important that metrics or standards in place are informative and useful, and are good indicators of performance. Namely, the implementation of any metrics and standards should be designed in a manner that will help the Company assess operational and management needs and achieve tangible improvements in its operations and services. In addition, any metrics and standards should be balanced against the volume of work and time that would be required to execute data collection functions and whether the costs related to these data gathering and reporting requirements are prudent and provide value for the Company's customers; that is, do the metric and standard, and attendant data collection tasks, overcome the test of diminishing returns?

An effective system of performance metrics and standards requires regular review to ensure that the measures remain appropriate, useful and cost-effective. As data collection and reporting progresses, it is important to refine what is working, or is not, and to reflect the changes necessary to ensure that the measurements continue to be meaningful.

Consistent with and based on the above considerations, Young Brothers submits its comments and additional proposed refinements to the performance metrics and/or standards identified below. These comments and refinements are intended to promote the value and usefulness of these measures in (1) supporting operational and management needs and

decision-making, (2) facilitating tangible improvements in Young Brothers' operations and services, and (3) the Commission's regulatory oversight of YB.

1. Safety: Workers' Compensation Insurance Claims

In Order No. 33640, the Commission adopted the following performance standard related to workers' compensation insurance claims:

[T]he commission adopts the performance standards of Young Brothers' (a) three-year average of the total number of its workers' compensation insurance claims, and (b) three-year average of the total dollar value of its workers' compensation insurance claims. Young Brothers' performance in the twelve-month trailing period shall be compared to these performance standards.⁴⁴

In so ruling, the Commission stated "in addition to the recordable incident rate and lost time incident rate, the total number and dollar value of Young Brothers' workers' compensation insurance claims 'would be good indicators of YB's safety performance' and provide 'the likely dollar impact on YB's operations' along with the severity of the compensable injuries.'"⁴⁵

Employee safety is always Young Brothers' first priority, and its safety programs and policies are aimed at achieving zero work-related injuries and illnesses. Young Brothers promotes a culture of safety and engages in numerous activities to support the development of a positive safety culture. For example, executives and managers emphasize safety consciousness at every staff meeting, operational crews begin their days with safety briefings, and mandatory training sessions on topical matters are held on a regular basis to help raise safety awareness. To ensure adequate training, Young Brothers is rolling out a new comprehensive safety training program, which requires employees to attend Occupational Safety and Health Administration ("OSHA") required trainings, as well as training sessions on multiple topics that are relevant to

⁴⁴ Order No. 33640 ¶ 23, at 25.

⁴⁵ Order No. 33640 ¶ 22, at 25 (quoting CA Submission, Attachment 1 at 8).

their job duties.⁴⁶ In addition, safety and environmental audits of each YB facility and vessel are conducted annually, which have resulted in improvements in areas such as better housekeeping and orderliness at YB's facilities, implementation of a waste oil management process, and development of spill kit identification and maintenance.

As a metric to measure Young Brothers' safety performance, the Commission has adopted the standard of the average of the total number of workers' compensation insurance claims, and the average of the total dollar value of these claims. Young Brothers maintains and respectfully submits that the statistics under these measures may in actuality not be a good indicator of safety performance, especially given that these measures are very sensitive to claims and injury management processes and the nature of litigants as compared to real changes in safety performance. Also, use of these statistics as a safety measure may not be meaningful, given that they can be influenced by factors that are largely outside of the Company's control.

The literature suggests that good performance indicators are ones that are controllable by the company or able to be influenced, and that are accepted as true indicators of performance.⁴⁷ While workers' compensation insurance claims clearly arise from employee injuries, the Company also points out that the number of claims and their dollar value can be influenced by external factors not fully within the Company's control. Namely, the workers' compensation process is influenced by external factors and parties, such as the claims management process, individual employees who bring multiple claims, and the potential for legal involvement.⁴⁸

⁴⁶ Examples of mandatory safety trainings conducted by the Company, include OSHA required safety programs such as emergency action plan and lock-out tagout training, as well as incident investigation, first aid/CPR/AED, hazardous materials shipments, and powered industrial truck trainings. Young Brothers also requires new hires to attend a two-day onboarding process, which includes maritime and harbor safety training.

⁴⁷ See *OHS Performance Indicators for Benchmarking*, Andrea Shaw (1994), at 17.

⁴⁸ Employees who have a tendency to bring multiple workers' compensation insurance claims or who prolong existing claims can be characterized as "malingerers." "Malingering" is defined as "the act of intentionally feigning or exaggerating physical or psychological symptoms for personal gain." www.medical-dictionary.thefreedictionary.com/malingering. No one seems to know definitively the dollar costs of malingering

These factors can significantly impact both the dollar value and number of workers' compensation insurance claims. Implementing a measure that includes the effect of such external influences, as opposed to the Company's actual safety performance, seems to be a departure from the nature and intent of the other performance metrics and standards adopted by the Commission.

The Company recognizes that the Commission intended this metric as a measure to show the "severity of the compensable injuries."⁴⁹ However, the dollar value of insurance claims does not necessarily indicate severity of injuries and seems more analogous to a "financial" metric that can be tied to the length of time that a worker remains away from work and the resulting benefits that are collected. People can continue to stay off from work for reasons which do not always reflect the severity of the injury (i.e., chronic pain, mental conditions). Moreover, as shown by the numbers below, the dollar value of claims seems to also be a function of the number of claims and not necessarily the severity of injuries, especially when it involves a small number of employees filing multiple claims.

In 2015, Young Brothers had 40 new workers' compensation insurance claims related to shoreside employees and total payments related to claims of \$1,673,241.⁵⁰ Some of the claims in 2015 were filed by workers with multiple claims over the course of a four-year (i.e., 2012-2016)

for employers, insurers, and state workers' compensation systems, but it is suggested that malingering is fairly commonplace. Several industry journals have documented the impact of malingering on the costs of insurance. See *Malingering Imposes Large Costs on Insurance Companies and Society*, www.insurancefraud.org/article.htm?RECID=3378; *Malingering in the workers' compensation setting*, www.workcompcentral.com/columns/show/id/4bffbcec361ba40dc4f73dadf588d7c9j. According to a study published in the *Journal of Clinical and Experimental Neuropsychology*, researchers found that 30% of disability claim cases involved probable malingering and symptom exaggeration. See *Detecting deception: How to handle a malingering patient*, www.amednews.com/article/20120910/profession/309109942/4/. In addition, neuropsychologist Glenn J. Larrabee, Ph.D., estimated that half of people involved in medical-legal claims exaggerate their injuries and/or illnesses. See *id.* In addition, a high majority of workers compensation claims involve an attorney, which can indicate employee resistance to returning to work and attempts to increase benefits.

⁴⁹ Order No. 33640 ¶ 22, at 25.

time period.⁵¹ For example, one claimant brought six different claims over this time period, while there were others who brought three or more claims during this same time period.

Additionally, as required by Order No. 33640, Young Brothers will be reporting on the safety performance standards/metrics of recordable incident rate ("RIR") and lost time incident rate ("LTIR") for both shoreside and marine personnel, as well as hazardous materials incidents.⁵² The RIR metric measures how many work-related injuries and illnesses occur per 100 employees; the LTIR metric measures any occupational injury or illness which results in an employee being unable to work a full assigned work shift after an incident per 100 employees.⁵³ The hazardous materials incidents metric measures the total number of incidents and the associated monetary expenses (i.e., fines, costs of containment). These metrics are more direct measures of Young Brothers' safety and are more appropriate measures for evaluating the overall effectiveness of the Company's safety programs and policies. In addition, the LTIR gives an indication of the severity of incidents. These metrics represent traditional and industry-accepted measures of safety performance that can provide a more meaningful indicator of Young Brothers' safety performance than average number or dollar value of workers' compensation insurance claims.

Moreover, it should be pointed out that the Hawaiian Electric Companies are required to report on and are measured on safety performance using only the following safety metrics: Total

⁵⁰ "New" claims are not necessarily the same thing as "new" injuries. Moreover, the number of new claims is not necessarily related to nor does it correlate with the incident rate for the year, as workers' compensation insurance claims typically are filed at different times from when the actual injury occurred.

⁵¹ Between January 2012 and May 2016, there were a total of 113 workers' compensation claims filed by YB's shoreside employees. Of those 133 claims, only 72 were filed by unique claimants. The remaining 41 claims were second or subsequent claims filed by one of the 72 employees. In other words, approximately 64 percent (64%) of the claims were brought by individuals who had not filed another workers' compensation claim in the same period, while approximately 36 percent (36%) of the claims were filed by individuals who were bringing multiple claims during that period.

⁵² Order No. 33640 ¶¶ 16, 21, and 26, at 22-23, 24 and 26.

Case Incident Rate, Lost Time Rate and Public Safety Incidents.⁵⁴ These are nearly identical to the safety metrics of RIR, LTIR and hazardous materials incidents adopted by the Commission to measure Young Brothers' safety performance. It would seem reasonable for Young Brothers to report on and be measured by essentially the same metrics and standards as the Hawaiian Electric Companies.

Based on the above, the Company does not believe that use of workers' compensation insurance claim statistics as a measure of Young Brothers' safety performance would be instructive or foster improvements in YB's effectiveness. As an alternative, measures of safety performance can be addressed through other metrics that are considered "leading indicators" such as, for example: (1) safety training of employees; and (2) safety audits.⁵⁵ These metrics are focused on future safety performance and continuous improvement; they are also proactive in nature and report what the Company and employees are doing on a regular basis to prevent injuries. In other words, they allow measurements of activities specifically undertaken to improve performance. Examples of measures may include number of safety audits conducted, percentage of sub-standard conditions identified and corrected, percentage of employees with adequate and completed OSHA training. Young Brothers believes that these would be more appropriate measures of the Company's safety performance. Accordingly, if the Commission feels that a safety metric, in addition to the metrics of RIR, LTIR and hazardous materials incidents is needed, Young Brothers proposes a safety metric based on its safety training

⁵³ OSHA defines a recordable injury or illness as a work-related incident which results in death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness. See 29 C.F.R. § 1904.7.

⁵⁴ See www.hawaiianelectric.com/about-us/key-performance-metrics/safety.

⁵⁵ See *A Short Guide to Leading and Lagging Indicators of Safety Performance*, Middlesworth www.ergo-plus.com/leading-lagging-indicators-safety-preformance/. According to the article, a "leading indicator" is a measure preceding or indicating a future event used to drive and measure activities carried out to prevent and control injury. Companies dedicated to safety excellence are shifting their focus to using leading indicators to drive continuous improvement.

performance. As part of continuous improvement, Young Brothers is rolling out its new comprehensive safety training program; as it does so, it is striving to achieve 75% completion of required trainings by 2016 and expects to achieve near 90% completion by the end of 2017. Young Brothers would provide the Commission and Consumer Advocate with an update of this proposed performance standard by the earlier of January 2017 or the filing of an application to renew or extend the AFRA, if this standard is adopted.

However, if providing a measurement of average number and dollar value of workers' compensation insurance claims is required, Young Brothers proposes that these statistics be provided more as a reporting requirement and not a standard to measure YB's safety performance.

2. Efficiency: Labor Efficiency

With regard to the performance standard of labor efficiency, the Commission adopted the following standard:

[T]he commission adopts the performance standards of Young Brothers' (a) three-year average of actual revenue tons, divided by the total shoreside (terminal) labor hours, and (b) three-year average of the dollar value of such total shoreside (terminal) labor hours. Young Brothers' performance in the twelve-month trailing period shall be compared to these performance standards.⁵⁶

In adopting this standard, the Commission specifically declined to adopt the use of Container/Platform Equivalents ("CPEs") as a cargo unit due to the lack of a "cogent description as to Young Brothers' specific methodology to convert various less-than-container-load cargo to an equivalent CPE," and concluded "that a more accurate measurement is based on actual revenue tons."⁵⁷

⁵⁶ Order No. 33640 ¶ 26, at 26-27.

⁵⁷ Order No. 33640 ¶¶ 28-29, at 27-28.

Young Brothers will report on this performance standard as required by the Commission (i.e., actual revenue tons divided by the total shoreside labor hours, and dollar value of shoreside labor hours), but provides the comments below regarding CPEs and dollar value. Specifically, regarding the cargo volume component of this metric, Young Brothers continues to maintain that CPEs are more useful and consistent as a measure of cargo volumes than using revenue tons as a measurement. In addition, Young Brothers proposes to provide the dollar value measure more as a reporting requirement and not a standard to measure YB's labor efficiency.

The use of CPEs has been acknowledged and accepted by the Commission as a measure of cargo volume in Young Brothers' past rate cases.⁵⁸ First introduced as a unit of volume measurement in a Commission-ordered cost of service study, CPEs have been a constant in Young Brothers' rate cases since the adoption of the Cost of Service ("COS") Model in 2001.⁵⁹

As explained in the COS Model Documentation, prepared by Marsoft, Inc. ("COS Model Documentation")⁶⁰:

CPE conversion factors are used to convert cargo volumes measured in piece count into CPE count. A CPE or a Container/Platform Equivalent, is a unit of volume measurement approximately equivalent to the volume of cargo that would fit into a 20-foot container or that has the same footprint as a 20-foot platform or flatrack. One 20-foot container, for example, can by definition be converted into one CPE. Similar conversion factors are determined by definition for the larger containers as well as flatracks, platforms, automobiles, less than container load cargo (LCL), and other loaded roll on/roll off (RoRo) vehicles.

⁵⁸ See, e.g., *In re Young Bros.*, Docket No. 2016-0014, YB-Ex-9 (Cost of Service Report) attached as an exhibit to the Application, filed April 12, 2016; *In re Young Bros.*, Docket No. 2010-0171 YB-Ex-9A (Cost of Service Report) attached as an exhibit to the Application, filed May 6, 2011; *In re Young Bros.*, Docket No. 2008-, YB-Ex-9 (Cost of Service Report) attached as an exhibit to the Application, filed Dec. 19, 2008.

⁵⁹ *In re Young Bros.*, Docket No. 2001-0255, Order No. 20454 filed Sep. 19, 2003 (approving YB's initial 2001 cost of service study).

⁶⁰ The COS Model Documentation was filed on May 20, 2016, as part of the revised 2015 COS filing.

The COS Model Documentation lists CPE conversion factors for each cargo type. These conversion factors were determined by measuring and averaging piece and container counts across different cargo types over a sampling period in 2001.

CPEs represent the amount of loaded cargo that is moved by Young Brothers and is a more accurate measure of shoreside labor efficiency than revenue tons because YB's ability to ship cargo is constrained more by the volume of cargo that will fit on a barge rather than the weight of cargo. The CPE measurement is a more consistent reflection of this volume constraint, especially in the case of oddly-shaped cargo including LCL that must be converted by the Company into discrete containerized units prior to barge transport. Also, it should be noted, not all cargo types are actually weighed. Revenue tons reflect a mixture of (1) actual weights (in the case of refrigerated LCL) and vehicle weights (for automobiles), (2) theoretical weights not necessarily reflecting true cargo weight (in the case of containerized cargo), and (3) "measurement tons" which relies on the length, width, and height dimensions of cargo (in the case of dry LCL, Mixed cargo and Auto/RoRo). As a result, Young Brothers maintains that CPEs are a more useful measure of cargo volumes.

Regarding the use of the dollar value of shoreside labor hours, Young Brothers contends that using such information as a performance standard would be problematic. For one, wage rates and dollar value of Young Brothers' labor costs are a function of and tied to, among other things, collective bargaining agreement ("CBA") terms, including in particular, hourly rates and works rules, such as the manner in which cargo-handling employees are required to be deployed under the CBAs (e.g., overtime labor hours). While Young Brothers strives to achieve labor efficiencies, it deploys its workers to best meet, within the terms of the CBAs, the hub-and-spoke system of its regular and frequent sailings to neighbor island ports. Overtime hours are within

the scheduling parameters of the CBA, and many times are required to be expended to meet scheduled sailings. Accordingly, because of the variable nature of wage rates or dollar value of labor costs, Young Brothers maintains that labor hours is a more directly informative efficiency measure than labor costs to Young Brothers.

Second, labor costs are generally always rising, due to inflation and increasing wage rates. Notwithstanding Young Brothers' performance and any improvements in cargo-handling activities or efficiencies, because the dollar value of labor will likely continue to increase, absent some type of mechanism to address labor cost inflation, it will be difficult to accurately gauge Young Brothers' actual performance in labor efficiency and any improvements in this area.

For the reasons stated above, Young Brothers proposes that average dollar value of shoreside labor hours be provided more as a reporting requirement, and not a standard to measure YB's labor efficiency.

3. Efficiency: Fuel Efficiency

With regard to the performance standard of fuel efficiency, the Commission adopted the following standard:

Shoreside fuel efficiency shall be measured by the actual revenue tons (as referenced in the Labor Efficiency metric) divided by the total fuel consumed by shoreside equipment. Marine fuel efficiency shall be measured by the actual revenue tons (as referenced in the Labor Efficiency metric) divided by the total fuel consumed by marine equipment. . . . The commission adopts the performance standards of Young Brothers' (a) three-year average of shoreside fuel efficiency, as calculated by the method above, and (b) three-year average of marine fuel efficiency, as calculated by the method above. Young Brothers' performance in the twelve-month trailing period shall be compared to these performance standards.⁶¹

Young Brothers will report on this performance standard as required by the Commission (i.e., actual revenue tons). However, for the same reasons stated in the "labor efficiency" section

⁶¹ Order No. 33640 ¶¶ 35-36, at 30.

above, Young Brothers continues to maintain that CPEs as a measurement will provide a more accurate measure of fuel efficiency than using actual revenue tons as a measurement.

Accordingly, Young Brothers will also report on the performance standard of fuel efficiency using the CPE measurement.

4. Efficiency: Barge Utilization

In Order No. 33640, the Commission provided the following directive regarding the efficiency measure of barge utilization:

75. The commission instructs Young Brothers to provide, in their next rate case filing, the proportion of its rate base that is represented by its barges, to identify the information and methodology to track the volume of revenue tons loaded per barge, and to submit its proposed performance standard in this area.⁶²

The Commission indicated that this performance standard “may have value for future regulatory policy considerations regarding Young Brothers’ service offerings.”⁶³ In so ruling, the Commission declined to establish a measurement based on “revenue per barge” on the basis that Young Brothers’ “frequent sailing schedule may pose challenges in achieving ‘maximum barge capacity utilization’ and the different rates assigned to different cargo may skew the comparison of revenue.”⁶⁴

As Young Brothers has noted in prior filings, cargo handling operations must support its commitment to provide frequent, regular, and universal service to customers. This commitment – both a personal commitment to its customers and a historical and regulatory obligation – results in a process with a focus on service (frequent, regular and universal), rather than a process that is “efficient” in the sense of profit maximization. As a regulated entity, Young Brothers sails its barges in accordance with a schedule published in its Local Freight Tariff 5-A, and the

⁶² Order No. 33640 ¶ 75, at 47.

⁶³ Order No. 33640 ¶ 74, at 47.

sailings must occur whether a barge is filled to less than capacity and regardless of whether a more profitable or competitive use of a vessel may exist at that time.

Through Young Brothers' history and the regulatory process, a system of approximately 624 annual regulated neighbor island port calls (i.e., 12 neighbor island port calls per week multiplied by 52 weeks) has been established to support Hawaii's communities and economies. The neighbor island economies, in particular, are dependent on the regular and frequent movement of goods and services between the islands. As a result, Young Brothers' service and sailing schedule are largely structured around the recognition that neighbor islands need frequent and timely service to maintain their just-in-time methods of inventory and distribution, as it is an essential component of reducing the costs of goods (e.g., avoiding costs to develop and maintain warehouses, in particular for refrigerated goods). Frequent, on-time sailings are also especially important to shipping local agricultural goods, and maintaining and developing this essential industry.

As a result, Young Brothers adheres to its regulatory schedule even in the face of low cargo loads or less than efficient barge utilization for a particular sailing; namely, Young Brothers will not postpone or cancel sailings to achieve more efficient runs. Accordingly, and on this basis, Young Brothers maintains that a metric measuring "barge efficiency" is not appropriate, given that Young Brothers must operate in a regulated, commercial environment. Accordingly, Young Brothers believes this performance standard should be eliminated.

However, if providing a performance standard to measure barge utilization is desirable, Young Brothers proposes that this measure be provided more as a reporting requirement and not a standard to measure YB's efficient use of its barges.

⁶⁴ Order No. 33640 ¶ 74, at 47.

F. Additional Matters

The Company is currently in the process of gathering data required in connection with the performance metrics and standards adopted by the Commission and to determine the results of Young Brothers' historical and 2015 performance. Several of the adopted performance metrics and standards are new measurements, and the Company is still researching how to extract the appropriate data that would allow the tracking required by the Commission. In some cases, the historical data needed for some of the performance metrics and standards requires extrapolation of data and information that is not readily available, including at times through a very manual and time consuming process. In addition, several of the new measurements require Young Brothers to modify existing reports or build new reports. As stated earlier above, Young Brothers' IT department is dedicated to the FACE Project, and as resources become available later in 2016, will be able to complete the modifications and build the reports required.

Data collection for and reporting on these new standards and metrics place additional requirements upon YB's existing demands on resources. Accordingly, Young Brothers proposes that it be given until the earlier of January 2017 or the filing of an application to renew or extend the AFRA before being required to update the Commission and Consumer Advocate on historical and 2015 results, and subsequently to publish this information on its website.⁶⁵

Finally, Young Brothers proposes that reporting on these performance metrics and standards should be done on a bi-annual basis, such that any updates and information regarding the results are reported in January and July of each year, commencing in January 2017, unless an application to renew or extend the AFRA is filed on an earlier date.

⁶⁵ Providing an update in January 2017 would enable Young Brothers to include its complete 2016 results.

Young Brothers looks forward to developing useful and informative measures and welcomes any opportunity to work with the Commission and the Consumer Advocate and their respective staffs. For certain purposes, YB respectfully submits that the optimal work product may be best facilitated through the use of a combination of briefings and/or working meetings in addition to the exchange of written documents or filings. Young Brothers, of course, defers to the Commission's directives on the proper process.

III. **CONCLUSION**

Young Brothers respectfully submits this Submission of Supplemental Information as required by Order No. 33640, including the attached exhibit, for the Commission's consideration.

DATED: Honolulu, Hawaii, July 12, 2016.

YOUNG BROTHERS, LIMITED

A handwritten signature in black ink, appearing to read "P. Roy Catalani", written over a horizontal line.

P. ROY CATALANI
Vice President of Strategic Planning
and Government Affairs

YOUNG BROTHERS, LIMITED
Local Freight Tariff No. 5-A

Eighth Revised Page No. 18

RULES AND REGULATIONS

FREE TIME FOR CARRIER EQUIPMENT AND DETENTION CHARGES

RULE NO.

50

A. Containers, flatracks, platforms, chassis, trailers, vans, or a combination thereof may be removed from Carrier's facility by a shipper or its agent for loading shipments that are scheduled for a sailing, or by a consignee or its agent for shipments discharged from a sailing, subject to the provisions in Rule No. 75 (Liability for Carrier's Equipment in Shipper's or Consignee's Possession) and the following:

1. Carrier's equipment must be returned to Carrier's facility in a clean and usable condition not later than 2 business days following the day of removal. When equipment is detained beyond this authorized free time, the following detention charges will be assessed for each calendar day in excess of the free time period including Saturdays, Sundays or Holidays.

<u>Equipment Detention charges</u>	<u>Charges per day</u>	
	<u>First 3 Days</u>	<u>Thereafter</u>
a. 20 foot dry containers, flatrack, platforms or trailers	\$ 48.41	\$ 72.63
b. 20 foot refrigerated containers	\$ 72.63	\$ 108.94
c. Vans	\$ 30.00	\$ 45.00
d. 40 foot dry containers, flatracks, platforms or trailers	\$ 54.89	\$ 82.35
e. 40 foot refrigerated containers	\$ 103.91	\$ 155.87

B. Shipper or consignee, or agent thereof, is prohibited from using Carrier's equipment for private business not directly connected with the transportation of goods to and from Carrier's facility. When unauthorized use is found, the free time otherwise applicable will not apply and the detention charges herein will be doubled and assessed from the time the equipment is removed from Carrier's facility. Carrier reserves the right to repossess such equipment and all costs associated will be for the shipper, consignee, owner or agent who removed the equipment.

C. All Carrier's equipment must be returned to the same Carrier facility from which removed. However, for the exception of returning empty equipment, consignee or its agent may, with Carrier's consent, deliver the empty equipment to another port and the responsibility of the consignee or its agent shall cease when the equipment is so delivered and a clean receipt thereof is acknowledged by Carrier. For the purpose of assessing detention charges, the date and time when equipment is accepted by the receiving port shall govern.

D. Detention charges will be for the shipper, consignee, owner, or agent of the cargo.

E. Carrier's equipment may not be transferred to any third party without Carrier's consent. Failure to obtain consent will result in the original party removing the equipment being held liable for all detention charges and liabilities, if any.

F. Carrier reserves the right to require a reasonable deposit for the purposes of ensuring return of the equipment and payment of any detention charges earned.

ISSUED: December 19, 2008

EFFECTIVE: August 3, 2009

ISSUED BY: P. Roy Catalani

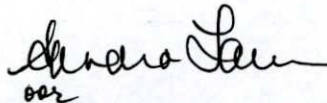
YOUNG BROTHERS, LIMITED, PIER 40, HONOLULU, HAWAII 96817

CERTIFICATE OF SERVICE

I hereby certify that, on this date, two copies of Submission of Supplemental Information as required by Order No. 33640 was hand-delivered to the following:

JEFFREY T. ONO
Executive Director
Division of Consumer Advocacy
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 326
Honolulu, Hawaii 96813

DATED: Honolulu, Hawaii, July 12, 2016.

A handwritten signature in dark ink, appearing to read "P. Roy Catalani", with a horizontal line underneath it.

P. ROY CATALANI
Vice President of Strategic Planning
and Government Affairs